

The Gig Economy's Impact on Traditional Employment Models

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Abstract

The rise of the gig economy has significant implications for traditional employment models, transforming the way people work and organizations operate. This article investigates the impact of gig work on job security, benefits, and worker rights, analyzing data from various industries, including transportation, hospitality, and professional services. Our findings suggest that the gig economy is reshaping the nature of work, offering flexibility and autonomy for some, while creating uncertainty and insecurity for others. We explore the benefits and drawbacks of gig work for workers, organizations, and society, highlighting issues such as wage theft, lack of benefits, and erosion of worker rights. The article concludes that policymakers, organizations, and individuals must adapt to the changing nature of work, proposing strategies such as portable benefits, skills training, and worker representation to mitigate the negative consequences of gig work and ensure a more equitable future of work.

Keywords: Gig economy, traditional employment, job security, benefits, worker rights, flexibility, autonomy, uncertainty, insecurity, portable benefits, skills training, worker representation.

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1. Introduction

The world labor market is experiencing a paradigm shift due to the blistering development of gig economy. The gig economy is also characterised by short-term contracts, freelancing, and on-demand labour mediated by platforms, and therefore has significantly disrupted established employment relationships that have organised industrial economies in the last century (Premier Science, 2024; TalentNeuron, n.d.). The change is not only the change of organization of work but radical reform of the social contract between the workers, employers and the state.

The magnitude of this change is frightening. A report by McKinsey (2024) cited by ExecHunter (2025) shows that over one-third of the American workforce currently does some kind of independent work. By 2024, the gig economy is expected to go beyond 556 billion and by 2032 it is set to increase more than three times across the world (TalentNeuron, n.d.). The use of digital platforms that are highly effective in matching workers with short-term employment, technological advances that allow remote working, and changing social values related to flexible employment designs have contributed to this growth (Premier Science, 2024).

The gig economy is present in literally all industries and skill levels, such as ride-hailing drivers and delivery workers through all levels of software engineering, consultant, and interim-executive (ExecHunter, 2025). Traditionally full-time industries have undergone huge growth in gig-based positions because of Uber, Lyft, Airbnb, Upwork, and Freelancer.com, which include transportation, hospitality, construction, and professional services (Premier Science, 2024; Aspen Institute, 2017). Even, professional engagements such as accounting, finance, graphic design, and software development are undergoing transformation to project based engagements (ExecHunter, 2025).

Nevertheless, this change is paradoxical. Although the gig economy has provided unmatched freedom and independence among selected employees, it also brings a lot of uncertainty, financial instability, and loss of standard employment rights to other employees (ADD STAFF, 2024; Premier Science, 2024). Gig workers are prone to the ups and downs of their salaries, absence of employment stability, and are not provided with fundamental benefits such as health insurance, retirement, paid leave, and worker compensation (Premier Science, 2024). The fact that platforms classify gig workers as independent contractors and not employees leaves them without benefits and does not require them to comply with the labor standards that apply to regular employees, which means that workers are in a grey area with no regulation (Halliday, 2021; ISSA, 2023). In this article, the researcher is able to present a detailed discussion of how the gig economy affects the conventional framework of employment. We investigate the nature and extent of gig work in industries, evaluate the implications of jobs and worker rights, discuss the advantages and drawbacks of the gig work to workers and organizations, and evaluate the policy response of portable benefits and regulatory changes. In this analysis, we rely on empirical studies, reports by industries, and policy documents to have evidence-based evaluation of this transformative phenomenon in the labor market.

This article has made the key argument that the gig economy is a complete redesign of the employment relationships where the policy must take the initiative to guarantee the fair results. Although flexibility and autonomy may offer real value to certain employees, the ongoing trend of gig work has the potential to eradicate decades of advancement in labor laws and social security service. These issues need new policy responses such as portable benefits,



new labor categories, and stronger worker representation that will strike a suitable balance between flexibility and security.

2. Gig Economy Scope and Characteristics

2.1 Defining the Gig Economy

The gig economy is a wide term that implies a variety of work arrangements sharing a common characteristic of being out of the traditional full-time employment relations. In its simplest explanation, the gig economy can be described as a type of labor market where contracts are temporary or freelance assignments or independent consulting as opposed to long-term and permanent employment (ExecHunter, 2025). This definition incorporates not only location-based platform work, such as ride-hailing, delivery services, and domestic work, but also online-based platform work such as graphic design, software development, writing, and consulting (ILO, 2021; ISSA, 2023).

The gig economy is based on the digital platform that forms a triangular relationship between the workers and the clients and is disruptive to the current labor and social security systems (ISSA, 2023). They are based on algorithmic management by these platforms to pair workers with tasks, price, performance, and impose service terms, exercising considerable control over work processes, and concurrently categorizing workers as independent contractors (Aspen Institute, 2025).

2.2 Distribution and Prevalence of the Industry.

The degree of gig work is significantly different depending on industry and occupation. The data provided by the Aspen Institute (2017) also supports the claim that the construction industry has the largest proportion of the gig economy workers as 35.2 to 56.2% of the working population are involved in gig arrangements. There is agriculture and mining that come close and 33.9% of gig position workers. Another important area is professional and business services, where 22.0%-26.7% of employees have been involved in the gig setup as the freelance consulting and project-based professional work is growing.

Table 1: Prevalence of Gig Economy Workers by Industry (2014 Estimates)

Industry	Gig Definition 1 (%)	Gig Definition 2 (%)	Gig Definition 3 (%)
Agriculture & Mining	33.9	33.9	33.9
Construction	35.2	44.7	56.2
Manufacturing	4.5	9.6	12.1
Wholesale & Retail Trade	8.5	9.9	11.5
Transportation & Utilities	19.9	23.8	28.6
Information	15.1	15.1	20.3
Financial Activities	22.0	27.8	27.8
Professional & Business Services	22.0	24.2	26.7
Education & Health Services	7.2	8.7	9.6
Leisure & Hospitality	6.5	12.4	13.2
Other Services	39.0	46.8	48.5
Public Administration	1.5	1.5	6.7

Note. Data from Aspen Institute (2017) analysis of NORC General Social Survey. Gig 1 = independent contractors, freelancers, and temporary workers; Gig 2 = Gig 1 plus part-time workers wanting full-time work; Gig 3 = Gig 2 plus part-time workers wanting part-time work.

Another sector that has been greatly impacted by the gig work is transportation and utility where 19.9% to 28.6% of the workers are also involved in the gig arrangement which depicts the metamorphic effect of ride-hailing and delivery applications. Conversely, the penetration of the gig economy is lower in the areas of public administration, education and health services, and manufacturing, implying that the regulatory frameworks, professional licensing policies, and institutional configurations could be the barrier to the further growth of the gig economy in these fields (Aspen Institute, 2017).

2.3 Employee Characteristics and Drivers

The workers of gig companies constitute a wide spectrum of demographic and professional traits, which cannot be easily divided into classes. A Brookings Institution (2025) roundtable participant said that there is no typical profile of a gig worker. The players in the gig economy are students in need of extra earnings, caregivers in need of flexible work hours, retirees in need of continued work, professionals in need of freedom, and workers who lost their jobs in traditional jobs (Brookings Institution, 2025; Premier Science, 2024).

Studies have shown that the motivation to do gig work is diverse. Other workers willingly prefer gig employment due to the flexibility and autonomy that it offers, whereas some are forced to engage in gig employment due to a lack of more standard jobs (Premier Science, 2024). Such heterogeneity makes policy responses more complicated because what works in one group of gig workers might be irrelevant or even detrimental to other groups.

3. Reformation of the Traditional Relationships of Employment

3.1 Loss of Job security and Earnings Stability

The changes in the employment relationship associated with the adoption of the gig work model, have significant consequences on the former concept of job security and stability of income. The conventional jobs usually ensure continuous working relationships, financial stability, and insurance against any form of unpredictable dismissal. Gig work, on the contrary, is by nature a temporary phenomenon, and workers are in constant need of new experiences and have to deal with unstable sources of income (Premier Science, 2024).

According to research by Sundararajan, as reported in Premier science (2024), gig workers often have unstable earnings and do not have consistent employment, which causes them to be unstable financially and anxious. This unstable income generates problems in financial planning, credit availability and domestic stability. As opposed to conventional workers who can simply expect the paycheck every few weeks, gig workers have to deal with a complex system of income sources with a hectic flow, and they usually cannot say when it will happen and in what size (Aspen Institute, 2025).

Job insecurity is not limited to income insecurity, but to economic vulnerability in general. Gig workers, after employment dries up, do not have access to unemployment insurance, lack workers compensation due to accidents at work, and can scarcely be protected against discrimination or arbitrary dissolution by platforms (Aspen Institute, 2025; ISSA, 2023). This precarity is especially severe among employees that depend on the use of gig work as their main income source and not as a side income source.

3.2 The Benefits Gap

The most notable change in the paradigms of employment, perhaps, is the lack of benefits provided by the employer in gig deals. The conventional employees are usually offered with health insurance, contributions to retirement plans, paid leaves, disability insurance and life insurance as part of their compensation packages. Gig workers, who are treated as independent contractors, do not receive these benefits; it is their full responsibility to provide them with social protection (Aspen Institute, 2025; Brookings Institution, 2025).



According to Brookings Institution (2025), the benefits gap undermines the five major pillars of financial security, namely retirement, health care, childcare, education and housing, known as the big five. Gig workers will have a hard time accumulating sufficient nest eggs to retire without the contributions of their employers to retirement funds. According to the American Academy of Actuaries (2025), some gig workers have difficulty with uneven coverage of retirement savings plans, poor income reporting and lack of financial education to address longevity risks.

Another very important gap is health insurance. Although the Affordable Care Act has increased the coverage of the individual market, gig workers do not enjoy employer premiums that make health insurance affordable to conventional employees. The lack of paid sick leave presents another line of weakness as gig workers are obliged to decide whether to work even when sick, which may put both themselves and others at risk, and not get a salary (Aspen Institute, 2025).

The next issue is that of worker classification and legal ambiguity (3.3). The gap in benefits and protection is in the legal status of gig workers. In the present day, the majority of gig workers are considered independent contractors instead of employees, and platforms do not have to face the responsibility of offering benefits and protections that are required in conventional employment relationships (Halliday, 2021; ISSA, 2023). This category has been the focus of many legal disputes and legislative arguments as courts and lawmakers struggle to come to terms with the peculiarities of platform-mediated work.

Halliday (2021) discusses the main components of employee-independent contractor distinction considering that the nature of the relationships between gig workers should be critically assessed per the true nature of work but not the official contractual terminology. The triadic dependence between a worker, client, and platform leads to the real ambiguity where platforms have much control over the work processes, such as price setting, performance monitoring, and imposing discipline on a worker, and at the same time deny the employer liability (ISSA, 2023; Undari and Sugiyama, 2024).

There are significant differences in the legal environment between jurisdictions. The Assembly Bill 5 (AB5) in California created an easy definition of employment where most of the gig workers are regarded as employees, and this kind of opposition would become enormous as large corporations, in response to this definition, initiated the campaign of proposing a new bill that would allow the platform-based transportation and delivery companies to be classified and thus exempted by the law (Aspen Institute, 2025). The European Union has been shifting the presumptions of the employment status of platform workers, whereas the countries in the Americas use the predominantly self-employed categories (ISSA, 2023).

Table 2: Employment Classification of Platform Workers by Country

Country	Current Classification	Potential Change	Status	Key Policy Developments
Argentina	Self-employed	Under review		Limited social security access
Brazil	Self-employed	Under review		Debates over labor reform
Canada	Self-employed	Under review		Provincial variations in classification
Chile	Employee and self-employed	Expanding protections	employee	Hybrid classification system
Colombia	Self-employed	Under review		Constitutional court decisions on rights



Costa Rica	Self-employed	Under review	ILO convention ratification discussions
Ecuador	Self-employed	Under review	New labor code provisions
Mexico	Self-employed	Under review	Reform of subcontracting regulations
Peru	Self-employed	Under review	Ministry of Labor guidelines
United States	Self-employed	State variation (CA: employee after AB5)	Proposition 22 controversy; federal legislation pending
Uruguay	Self-employed	Under review	Social security integration discussions

Note. Data from ISSA (2023) analysis of platform worker classifications in the Americas. Classification determines access to labor protections and social security benefits.

3.4 Impact on Traditional Labor Markets

The growth of the gig economy does not only impact on gig workers but also on the labor markets and the employment criteria. In a study mentioned in Premier Science (2024), Dubal highlights the fact that the effects of the gig economy are not only on individual workers but also on the overall labour markets of the economy which could force wages and working conditions in other sectors similar to the ones adopted to lower costs by the companies to go in the same direction.

This trickle-down effect is being experienced since traditional employers are under competition pressure by less costly labor competitors in the form of gig work because of the lack of benefits and protection. Gig work can lead to a decline in wages and working conditions in industries where people, like transportation, hospitality, and professional services, will be forced to accept lower wages and subpar working conditions (Premier Science, 2024). The outcome is a possible race to the bottom which weakens the existing labor standards and social protection.

In addition, the gig economy also leads to the tearing up of collective voice of workers. Conventional employment relations support unionization and collective bargaining as a means of workers to bargain on improved wages, benefits, and working conditions. The individual, decentralized structure of gig work hinders collective organization and puts workers in a situation where they lack the bargaining power to seal deals with platforms that dictate terms on their own (NELP, 2025).

4. Advantages and Downsides to Gig Work

4.1 Benefits for Workers

Nevertheless, one can state that gig work can be really beneficial to some workers under certain conditions. The first benefit mentioned by gig workers is their flexibility, the possibility to arrange the schedule independently, to select the tasks that are to be done, and to make the work compatible with other life aspects (ExecHunter, 2025; Premier Science, 2024). Such flexibility is especially useful to caregivers, students, and individuals with health-related issues as well as creative or entrepreneurial activities alongside gainful employment.

Another important advantage is that of autonomy. Gig workers also note that they are more satisfied with the option of being their own boss, making decisions as to how to carry out work without being under supervision (Aspen Institute, 2025). Gig work may offer a variety of projects and clients to skilled professionals and improve their level of skills and career growth (ExecHunter, 2025).

The gig economy also opens income streams to people who encounter obstacles to those in conventional jobs such as those with criminal records, employment gaps, and geographic

limitations. Online platforms are capable of decreasing discrimination as the emphasis on task accomplishment instead of qualifications or experience can be noted (Premier Science, 2024).

4.2 Benefits for Organizations

Gig work is advantageous to organizations by providing agility in work force, saving on costs and availability of skill. The gig economy helps companies to ramp-up and down labor on short notice according to market needs without bearing expenses of full-time employment uncertainty and changing workload (ADD STAFF, 2024; ExecHunter, 2025).

Another advantage to an organization is access to special expertise. Instead of employing full-time workers in each of the functions, companies can outsource certain jobs (financial analysts, auditors, tax consultants, software developers) to professional contract workers on a project basis (ExecHunter, 2025). This model creates the availability of the best talent when it is most required and at the same time will not commit to any long term employment.

It seems that the movement toward skills-based employment in the gig economy leads to the promotion of the emphasis on abilities and performance over qualifications, which helps to boost the organizational performance by ensuring that tasks are assigned to people that can best fulfill them (ExecHunter, 2025).

4.3 Challenges for Workers

The issues of gig workers are large and well-established. The instability of income is the most immediate issue, where employees face uncertain incomes making it difficult to settle their budget, save, and credit (Premier Science, 2024). The gig economy competition may also be fierce, which puts pressure down on wages and inability of some workers to become stable economically (ADD STAFF, 2024).

Lack of benefits results in great weaknesses. Gig workers are compelled to pay their own taxes, health insurance, and retirement savings which many consider overwhelming (ADD STAFF, 2024). Workers have non-existent health and income options without paid time off. In the absence of workers compensation, workplace injuries may prove to be economically disastrous.

Robbery of salaries and robots are new issues. Platform algorithms can alter pricing, incentives, and assignments of work in a manner that is disadvantageous to the workers and obscures how they are exploited (Aspen Institute, 2025). The algorithmic management is not as transparent, which complicates the process of the workers knowing how decisions that are related to their livelihoods are reached.

4.4 Organizational Dilemmas

Companies have to deal with their own dilemmas in terms of managing the gig work arrangements. The risks of misclassification, namely, regarding workers as independent contractors, but they are supposed to be considered as employees, subject workers to legal and financial penalties. New organizational capabilities are needed to deal with tax requirements, data security, and the necessity to deal with dispersed workforces (ExecHunter, 2025).

Ensuring uniform quality is also another challenge with respect to gig workers. Contrary to the workforce, in which it is possible to train and manage employees within the framework of organizational structures, gig workers can provide inconsistent quality, which impacts the level of customer satisfaction and brand image (ADD STAFF, 2024).

5. Responses of the Policy and Future Directions

5.1 Portable Benefits Models

Portable benefits are benefits tied to the worker not the employer that have become a promising policy solution to the benefits gap the gig work faces. Through these models,



workers are able to build multiple benefits through employers or platforms and continue to benefit them as they change jobs (Brookings Institution, 2025; Aspen Institute, 2025).

The SB 233 of Utah passed in March 2023 is the first state-level law in the area of portable benefits. The legislation enables the government or other participants to contribute voluntarily towards worker-benefit plans even though this will not subject them to alterations in employment status. The benefits are similar and can be used across employers and gig workers can use them voluntarily (American Academy of Actuaries, 2025). Lyft has also introduced a portable benefits program to drivers in Utah, in which the company provides 7% of the quarterly earnings of eligible drivers to accounts which they may use to cover health insurance or retirement savings or paid time off.

Similar legislation has been emulated by other states. In April 2025 Tennessee passed SB 1377 establishing voluntary portable benefits plan of independent contractors. Massachusetts, Minnesota, New Jersey and Vermont have proposed or passed laws to make platform contributions to portable benefits accounts on app-based drivers (American Academy of Actuaries, 2025).

The Portable Benefits for Independent Workers Pilot Program Act at the federal level would provide the Department of Labor with a grant of 20 million dollars in order to fund the testing and development of models of portable benefits. Retirement Savings for Americans Act would establish a federal system of matching contribution to the workers without employer-sponsored retirement plans (Brookings Institution, 2025).

Table 3: State and Federal Portable Benefits Legislation for Gig Workers

Jurisdiction	Legislation	Status	Key Provisions	Contribution Mechanism
Utah	SB 233 "Portable Benefit Plan"	Enacted (May 2023)	Voluntary employer contributions; health, UI, disability coverage across jobs	Voluntary employer contributions; worker opt-in
Tennessee	SB 1377 "Voluntary Portable Benefit Plan Act"	Enacted (April 2025)	Voluntary contributions for independent contractors; health, income replacement, life insurance, retirement	Hiring party or worker contributions; worker opt-in/opt-out
Pennsylvania	DoorDash Pilot Program	Active pilot (since April 2024)	Portable benefits for DoorDash drivers; six-month pilot	Company contributions to worker accounts
Georgia	DoorDash Pilot Program	Active pilot (since January 2025)	Expansion of Pennsylvania model	Company contributions to worker accounts
Massachusetts	H.961	Proposed	Portable benefits accounts for app-based drivers; 4% earnings contribution; IRA providers required	Company contribution (4% of earnings); minimum \$1,000/quarter



Minnesota	SF 4513	Proposed	Similar to MA with 2% contribution; \$750/quarter threshold; one IRA provider minimum	eligibility Company contribution (2% of earnings)
New Jersey	S1386	Proposed	Portable benefits accounts; 15% of fees or \$6/hour; opt-out for half contributions; 40 hours/month minimum	Platform contributions (15% fees or \$6/hour)
Vermont	H.479	Proposed	Intermediary worker focus; 25% of fees or \$6/hour; health insurance, PTO, retirement	Contracting agent contributions (25% fees or \$6/hour); 50+ workers threshold
Federal	Portable Benefits Pilot Program Act	Pending	\$20M DOL grants for state/local/nonprofit pilot programs	Federal funding for pilot development
Federal	Retirement Savings for Americans Act	Pending	Auto-enrollment at 3%; federal 1% automatic + 4% matching contribution for low/moderate income	Federal matching contributions; automatic enrollment

Note. Data synthesized from American Academy of Actuaries (2025), Brookings Institution (2025), and NELP (2025). UI = unemployment insurance; PTO = paid time off; IRA = individual retirement account.

Critics however believe that the existing proposals of portable benefits are not able to offer real security. National Employment Law Project (NELP, 2025) argues that portable benefits, which are supported by corporations, do not help correct the underlying problem of classification. Individualized, privatized benefits such as the pilot as offered by DoorDash do not have to combine risks building pools that help to bridge the transition between work arrangements instead of making it easier.

5.2 Regulatory Reforms and Classification of Workers.

In addition to portable benefits, policymakers are considering changing worker classification standards to provide benefits to gig workers without removing flexibility. The European Union has gone further to propose presumptions on employment status of platform workers, and rebuttable presumptions to place the burden of proving the independent contractor status on platforms (DIGIT, 2025).

In the United States, federal legislation that has been proposed by Senators Cassidy, Scott, and Paul in July 2025 aims at creating safe harbors to companies that provide portable benefits without the fear of being sued due to misclassification, and also enable independent workers to join retirement plans and have more health coverage choices (American Academy of Actuaries, 2025). The critics have claimed that these solutions put gig workers at risk of being solidified in second-tier position instead of being given the full-employment protection. The classification issue is a reflection of greater conflicts between flexibility and security. True independent contractors such as skilled professionals having several clients, working method, and an established business should be left outside the ordinary employment systems.

Nevertheless, platform workers who earn money on a single platform, have their prices set by an algorithm, and do not control the performance at work can be considered the misclassified independent contractors when actually they are acting as the employees (Halliday, 2021; Undari and Sugiyama, 2024).

5.3. Skills Training and Career Development.

The gig economy increases the pressure on the individual to handle their personal skills growth and career advancement. Without employer-sponsored training programs, gig workers have to recognize their skills requirements on their own, seek training opportunities, as well as cover the cost of developing professionally (ADD STAFF, 2024).

The policy options comprise increasing the access to training accounts, subsidizing lifelong learning, and the development of portable credentialing systems that note the skills that have been acquired in different work settings. The addition of training benefits to the portable benefits models would assist gig workers sustain competitiveness in the fast changing workforce labor markets (Brookings Institution, 2025).

The worker representation and collective voice is required to be addressed in 5.4. One solution to the problem of power inequality between gig workers and platforms is to strengthen the worker representation and collective voice. In the gig economy, traditional union approaches are challenged by the dispersion of workers and high rates of turnover as well as legal ambiguity over the collective bargaining rights of independent contractors (NELP, 2025).

New forms of worker representation are platform cooperatives, in which workers own and take control over the platform on which they operate; sectoral, where standards are established on an industry-wide basis, instead of on the basis of a single employer; and digital organizing tools that allow collective action without the usual union organization (NELP, 2025). The European Union proposed platform work directive has the provisions of the transparency of the algorithm and the right of the workers to be heard in the automated system of management (DIGIT, 2025).

6. Future of Work Implications

6.1 Borderland of Hybrid Workplace

The course of the gig economy implies a new working environment that will be based on hybrid work systems instead of the dichotomy between standard employment and independent work. Employees can freely switch between full-time work, part-time employment and gig jobs in their lifetime, which necessitates social safety nets beyond the employment dynamic of an individual (Premier Science, 2024).

The result of this hybridity is that social insurance systems based on long-term, steady employment must be reviewed. The unemployment insurance, workers compensation and retirement systems should be adjusted in order to admit inconsistent work backgrounds, several simultaneous employers, and repeated movement among work setups (Aspen Institute, 2025).

6.2 AI Incorporation and Technological Change

It is expected that the introduction of artificial intelligence on the platforms of gig technology will further automate the skills/job alignment, increasing efficiency and may increase the control of workers by algorithms (Premier Science, 2024). The more advanced the algorithms used by the platforms to perform pricing, routing, and performance assessment, the more necessary the transparency and accountability mechanisms to avoid exploitation.

There are also possible solutions based on technological tools. Such income verification systems as the application of Steady with unemployment insurances demonstrate how

technology can be used to serve non-standard workers in obtaining benefits (Aspen Institute, 2025). The same types of innovations would ease the tax administration and benefits enrollment of both the gig workers and the platforms.

6.3 International and Regional Differences

The development of the gig Economy differs significantly in different regions of the world. The DIGIT (2025) Platform Work Index demonstrates gradual but significant growth in the last ten years in legal protection of platform employees, with OECD nations exhibiting sharper indications of how platform employees are being included under the protective power of labor laws. Nevertheless, there still exist considerable discrepancies between developed and developing economies and this poses a threat of regulatory arbitrage where platforms are trying to find favourable jurisdictions.

The international coordination in the form of the organization such as the ILO, OECD, and EU will prove crucial to avoid the race to the bottom and to create the minimum global standards on gig workers. Such coordination can be offered by the ILO definition of digital labor platforms and its current effort to establish platform economy governance (ILO, 2021; ISSA, 2023).

7. Conclusion

The gig economy constitutes a fundamental change in the employment relationships with critical consequences to the workers, organizations and the society. Although it does have legitimate good aspects of flexibility and freedom of choice on behalf of some, the present trend of gig work is a potential destabilizer of job stability, benefit delivery, and employee rights that have been the major foundation of industrial economies over the centuries.

As we will see in our analysis, the nature of work in industries is changing as a result of the gig economy, although certain sectors, especially transportation, construction, professional services, and hospitality have been affected more than others. The benefit and protection gap that is being formed by the categorization of gig workers as independent contractors causes workers to be exposed to the variability of their incomes, the absence of social insurance, and algorithmic exploitation. In addition, the growth of gig work puts pressure on the traditional labor markets, which then may force the race to the bottom in terms of wages and working conditions.

The challenges need a concerted effort by policymakers, organizations, and individuals. The model of portable benefits are promising solutions to the delivery of security without the loss of flexibility, but still, existing models need to be refined in order to guarantee true protection instead of a justification of the second-tier work setup. The new worker classification standards, skills training investments and improved worker representation mechanisms are all important elements of a holistic policy reaction.

An a priori flexible / security trade-off should not be the future of work. It can be suggested that the benefits of the gig economy can be tapped through a careful policy intervention, institutional innovation, and organizational adaptation so that all workers, no matter the employment classification, can receive decent wages, necessary benefits, and have a significant voice over their working conditions. The point of view is also enormous: the current choices regarding the governance of the gig economy will determine the character of the work and the economic security distribution of further generations.

With the further development of the gig economy, stakeholders cannot forget about the very idea that work not only needs to bring money but also dignity, security, and promotion. By reaching this vision within the framework of transformed employment relations, one of the characteristic policy issues of our generation is realized.

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